STATE OF NEVADA GAMING CONTROL BOARD



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January 15, 1999

Carson City (702) 687-6525

TO: ALL LICENSED MANUFACTURERS AND DISTRIBUTORS

SUBJECT: GAMING DEVICE TRANSACTIONS

The proliferation of gaming and the increase of gaming device transactions have resulted in a heightened awareness in reference to the legality of the destinations of gaming devices distributed from Nevada. It is the Board's responsibility to enforce and regulate these transactions in an efficient manner. You are hereby advised of changes in procedures that will be implemented effective April I, 1999, concerning gaming device transactions.

The Regulation 14.180 Application Form used to report gaming device transactions has been revised (reference attached Regulation 14.180 Application Form). Only this form or format will be accepted by this agency in order to comply with Regulation 14.180.

The Board's electronic filing program is available to licensed distributors, which simplifies the process and eliminates revisions of previously filed application forms, in most cases. Different procedures are in effect for the electronic filing program. Contact Electronic Services or the Enforcement Division for information concerning these procedures.

The Regulation 14.180 Application Form must be submitted in the following manner:

Applications submitted must be received at least five working days prior to movement or transfer of the device(s). The device(s) must remain in the control or the possession of the licensee during this time period.

The application must be completed in its entirety, with accurate and legible information. An incomplete or illegible application received by the Enforcement Division will be denied. A corrected application must be resubmitted and will be subject to another five-day waiting period.

Failure to revise or correct erroneous information previously filed on a Regulation 14.180 Application Form may result in disciplinary action. A revision indicating the change or correction must be submitted five working days prior to movement.

A licensee submitting excessive revisions may be subject to more than a five working day review period when submitting future applications.

Upon receipt of the application by the Board, the devices must be available for inspection and marked in accordance with Regulation 14.170. Records and documents may also be reviewed during the inspection process. An application may be denied if any discrepancies are found in the licensee's records.

Enclosed with the new Regulation 14.180 Application Form is a revised state and country code table, which contains codes for all the countries in the world. In five countries (Australia, Canada, Mexico, United Kingdom and the United States) an additional state, province or territory name is also coded. Therefore, those countries will have four characters after the city name; i.e., WA/AS (New South Wales/Australia) or AB/CA (Alberta/Canada) or CA/US (California/United States). All other countries have a two character code to be recorded after the city; i.e., CJ (Caymen Islands), AF (Afghanistan), BR (Brazil), CM (Cameroon), MT (Malta) or GA (Gambia). Every application must be coded correctly, or it will be denied. Port of exit must be completed on the Regulation 14.180 Application Form for all out-of-country shipments.

The following explanation is provided to eliminate confusion in the PURCHASER and SELLER ID sections of the application form:

The PURCHASER section not only applies to a buyer, but also includes a "company" or "requesting party;" i.e., the person or entity ordering the device(s).

The SELLER ID area is located in the device information section. Do not put your location ID number in this area. A SELLER ID is a number that the seller may have assigned to the device for their own use. If a number, other than the serial number, is placed on the device, this number is entered in the SELLER ID area.

The original serial number assigned by the manufacturer must be recorded in the SERIAL # area of the form. If the device does not have a serial number plate, the licensee shall assign a SELLER ID number, attach a tag with the number and record it on the application form under SELLER ID. That number will then be the number engraved or stamped on a permanent component of the device in order to comply with Regulation 14.170.

The updated Regulation 14.180 Application Form requires a separate page for the purchaser's statement, which must be submitted with each application. The same language contained in the previous Regulation 14.180 Application Form is sufficient. Include the specific use of the device(s) in the statement; i.e., "resale in Arizona," or "home use in Arizona," etc. Notarization of the statement is not required.

The new application form is in a landscape format, allowing for entry of all the information, excluding the purchaser's statement, on one page. Please note that the following two new fields have been added:

CURRENCY TYPE (CT) field, located directly after the Denomination field. This field is used to describe the type of currency that is accepted by the device. Valid entries for the (CT) field are:

"F" - Foreign currency/coin

"T" - Tokens

"U" - U.S. currency/coin

"M" - Multiple (denomination chosen by patron)

"O" - Other

TRANSACTION TYPE (TT) field, located directly after the Price field on the form. It explains that the price on the form is the value or the sales price of the device.

In cases of leased devices, the value of the device is reflected in the Price field. There must always be an amount in the Price field; however, the Denomination field may be blank. Valid entries for the (TT) field are:

"S" - Sale - amount device sold for in Price field

"L" - Leased device - reflect value in Price field

"V" - Value only - neither a sale nor lease; reflect value of device in the Price field, (i.e., sent out for test, repairs, show, etc).

In accordance with Regulation 14.180(3), each manufacturer and distributor is required to submit a copy of their federal registration annually. Licensed distributors will only distribute their own devices or devices owned by other licensed distributors. Consignment sales, or sales of devices owned by an entity other than a licensed distributor, are not allowed without prior approval of the Board. All licensees distributing gaming devices will record all transactions and shall keep accurate, complete and legible records.

Inspection of devices manufactured or distributed may be done at any time and may be unannounced. The licensee will be held solely responsible for ensuring the legality of the destination. Proof of the efforts made by the licensee to ensure legality will be documented and maintained, in addition to documents providing confirmation of a destination. Any discrepancies must be reported to the Board.

All manufacturers and distributors shall keep general accounting records on a double entry system of accounting, maintaining detailed supporting and subsidiary records. All records shall be retained for a minimum of five years and shall include detailed documentation identifying revenues, expenses, assets, liabilities and equity. The Board may review records and documents reflecting the licensee's business practices at any time. Records and documents should include, but are not limited to:

- 1. Customer correspondence
- 2. Journal entries prepared by the licensee or the licensee's independent accountant backed up by the following:
 - a. Purchase records
 - b. Invoices
 - c. Receipts
 - d. Sales order

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- 3. FAX records
- 4. Bank records, wire transfers, copies of checks
- 5. Import Permits or Bills of Entry
- 6. Official correspondence from destination authorities
- 7. Copy of license or certificate to operate applicable to purchaser or destination
- 8. Shipping or Carrier Bills*
- 9. Customs documents *
- 10. Shipper Export Document (SEDs)* A copy must be obtained and kept on all out-of-country transactions
- 11. POD (Proof of Delivery) Bill of Lading* commercial carrier
- 12. Any other records that the Chairman specifically requires be maintained

Further questions regarding this matter should be directed to the Enforcement Division, at 555 East Washington Avenue, Suite 2600, Las Vegas, Nevada 89101.

Sincerely,

Steve DuCharme Chairman

SD/JM:sm

^{*}Records required within 90 days of the distribution date.